

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

APPLICATION OF WILLOWCREST)	
DEVELOPMENT CORPORATION)	
FOR AN ADJUSTMENT OF RATES)	
PURSUANT TO THE ALTERNATIVE)	CASE NO. 8680
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

IT IS ORDERED that Willowcrest Development Corporation, shall file an original and seven (7) copies of the following information with the Commission with a copy to all parties of record by November 29, 1982. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

1) Currently the Development Corporation is incorrectly reporting customer tap-on-fees as revenue. Customer tap-on-fees are to be reported as contributions in aid of construction, Account 252. Provide the necessary journal entries to make the corrections for the 1981 Annual Report. Also, provide corrected copies of the Balance Sheet and Statement of Income for the 1981 Annual Report.

2) For each expense increase listed on page 2 of the application provide:

a) the effective or starting date of each increase in expense.

- b) the 1981 volumes (i.e., usage, KWH, fees, hours etc.) used for each type of expense increase listed.

Verify this information by supplying the necessary invoices, bills, contract agreements, etc., for the expenses.

Note: If this information is not filed, the Commission will not adjust 1981 expenses. The Commission's policy is to accept adjustments that are known and measurable.

3) On page 2 of the application, \$512 is reported for Miscellaneous Costs, and on Form 22 of the 1981 Income Tax Return, it is reported that there were \$311 in Travel and Entertainment Deductions and \$201 in Miscellaneous Deductions totalling \$512. Are these travel and entertainment deductions directly associated with the operation of the sewer system? Provide a breakdown (all invoices and bills, etc.) for the travel and entertainment and miscellaneous deductions for 1981.

4) In the application, it is requested that the management fee be adjusted to \$2,400. Provide information regarding how many hours per week are spent managing the sewer system, a description of the manager's duties, the hourly wage, and total number of hours worked by the sewer plant manager in 1981.

5) a) What is the maximum number of customers to be served by the sewer system?

b) What is the total amount that has been collected through tap-on-fees? Currently how much is your customer tap-on-fee? How was this amount determined? Has this same rate been charged since initial construction or has it changed?

If the rate has changed, provide the former rates charged, the number of customers charged under each of the former charges and the number charged the present tap-on-fee.

- c) Is the tap-on-fee charged for the treatment plant or the lines or both. If for the plant, has the cost of the plant been recouped in any other way than from tap-on-fees?
- 6) a) Who was the developer of Willowcrest Subdivision?
- b) Were the sewer lines within the subdivision placed by the developer? If not, by whom?
- c) Who has title to the sewer lines?
- d) Was the cost of the sewer lines recouped through the sale of the lots? Is any of the cost connected with the lines included in the \$71,514 shown as utility plant in service in the 1981 Annual Report?
- e) If someone other than the developer constructed the sewage system, how was the cost financed and recouped?

Done at Frankfort, Kentucky, this 9th day of November, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary